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3 SENATE GOVERNMENTAL AFFAIRS COMMITTEE SUBSTITUTE FOR HB377  
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8 SYNOPSIS: Under existing law, the contribution  
9 percentage rate made to the Pension Accumulation  
10 Fund by the employer on behalf of state policemen  
11 is calculated separately from all other state  
12 employees participating in the State Employees'  
13 Retirement System.

14 This bill would revise the definition of  
15 "state policeman" and would remove the separate  
16 calculation of employer contribution percentage  
17 rate for state policemen, including any employee  
18 hired by the Alabama State Law Enforcement Agency  
19 after January 1, 2015, and who is certified by the  
20 Alabama Peace Officers' Standards and Training  
21 Commission and performs law enforcement duties.  
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23 A BILL  
24 TO BE ENTITLED  
25 AN ACT  
26

1           To amend Section 36-27-1, Code of Alabama 1975,  
2 relating to the Employees' Retirement System, to revise the  
3 definition of "state policeman"; and to remove the separate  
4 calculation of employer contribution percentage rate made to  
5 the Pension Accumulation Fund by the employer for state  
6 policemen.

7 BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

8           Section 1. Section 36-27-1, Code of Alabama 1975, is  
9 hereby amended to read as follows:

10           "§36-27-1.

11           "When used in this article, the following terms  
12 shall have the following meanings, respectively, unless the  
13 context clearly indicates otherwise:

14           "(1) RETIREMENT SYSTEM. The Employees' Retirement  
15 System of Alabama as defined in Section 36-27-2.

16           "(2) EMPLOYEE. Any regular employee of the State of  
17 Alabama whose salary is paid by state warrant by the state,  
18 except a member of the Legislature of the state, a person who  
19 is covered or eligible to be covered under the Teachers'  
20 Retirement System of Alabama or any other retirement system to  
21 which contributions are made by the state, an elective  
22 official of the state government, and a temporary employee or  
23 person engaged under retainer or special agreement. In all  
24 cases of doubt the Board of Control shall determine who is an  
25 employee within the meaning of this article. The term shall  
26 include any regular employee of the Alabama state hospitals

1 and Partlow State School and Hospital and the Alabama State  
2 Port Authority, however paid.

3 "(3) EMPLOYER. The State of Alabama or any  
4 department, commission, institution, or any other agency of  
5 and within the state by which an employee is paid, including  
6 employers as provided in Section 36-27-6.

7 "(4) MEMBER. Any employee included in the membership  
8 of the system as provided in Section 36-27-4.

9 "(5) BOARD OF CONTROL. The board provided for in  
10 Section 36-27-23 to administer the retirement system.

11 "(6) MEDICAL BOARD. The board of physicians provided  
12 for in Section 36-27-23.

13 "(7) SERVICE. Service as an employee paid for by an  
14 employer.

15 "(8) PRIOR SERVICE. Service rendered prior to the  
16 date of establishment of the retirement system for which  
17 credit is allowable under Section 36-27-11.

18 "(9) MEMBERSHIP SERVICE. Service as an employee  
19 rendered while a member of the retirement system and on  
20 account of which contributions are made.

21 "(10) CREDITABLE SERVICE. "Prior service" plus  
22 "membership service" rendered since last becoming a member.

23 "(11) BENEFICIARY. Any person in receipt of a  
24 pension, an annuity, a retirement allowance or other benefit  
25 as provided by this article.

1           "(12) REGULAR INTEREST. Interest compounded annually  
2           at the rate determined by the Board of Control in accordance  
3           with subsection (f) of Section 36-27-25.

4           "(13) ACCUMULATED CONTRIBUTIONS. The sum of all the  
5           amounts deducted from the compensation of a member credited to  
6           his or her individual account in the Annuity Savings Fund,  
7           together with regular interest thereon, as provided in Section  
8           36-27-24.

9           "(14) EARNABLE COMPENSATION. The full rate of  
10          compensation that would be payable to an employee if he or she  
11          worked the full normal work-time. In cases where compensation  
12          includes maintenance, the Board of Control shall fix the value  
13          of that part of the compensation not paid in money. Earnable  
14          compensation shall not exceed the limitations imposed by  
15          Section 401(a)(17) of the Internal Revenue Code for public  
16          pension funds, except that any employee who was a member of  
17          the Employees' Retirement System before the first plan year  
18          beginning after December 31, 1995, shall not be subject to the  
19          earning limitations set forth in Section 401(a)(17). For Tier  
20          I plan members, the term earnable compensation for retirement  
21          purposes shall not include subsistence payments that are made  
22          to a member and shall include overtime payments that are made  
23          to a member; however, earnable compensation shall not exceed  
24          120 percent of any members' annual base compensation as  
25          certified by the employer. For Tier II plan members, earnable  
26          compensation shall include overtime payments that are made to

1 the member but shall not include subsistence payments that are  
2 made to the member and shall not exceed one hundred  
3 twenty-five percent (125%) of the member's annual base  
4 compensation, as certified by the employer.

5 "(15) AVERAGE FINAL COMPENSATION. For any Tier I  
6 plan member, the average annual compensation of the member,  
7 with respect to which he or she had made contributions  
8 pursuant to subsection (b) of Section 36-27-24 during the  
9 three years, in his or her last 10 years of creditable service  
10 for which the average is highest or during his or her entire  
11 period of creditable service if less than three years; except,  
12 that for any period prior to November 1, 1959, the  
13 compensation used in computing the average shall include  
14 compensation in excess of the maximum amount with respect to  
15 which members were required to contribute. For any Tier II  
16 plan member, the average annual compensation of the member,  
17 with respect to which he or she has made contributions  
18 pursuant to subsection (b) of Section 36-27-24 during the five  
19 years, in his or her last ten years of creditable service for  
20 which the average is highest or during his or her entire  
21 period of creditable service if less than five years.

22 "(16) ANNUITY. Payments for life derived from the  
23 "accumulated contributions" of a member. All annuities shall  
24 be payable in equal monthly installments.

1           "(17) PENSION. Payments for life derived from money  
2 provided by the employer. All pensions shall be payable in  
3 equal monthly installments.

4           "(18) RETIREMENT ALLOWANCE. The sum of the "annuity"  
5 and the "pension."

6           "(19) RETIREMENT. Withdrawal from active service  
7 with a retirement allowance or optional benefit in lieu  
8 thereof granted under this article.

9           "(20) ANNUITY RESERVE. The present value of all  
10 payments to be made on account of any annuity or benefit in  
11 lieu of any annuity computed upon the basis of the mortality  
12 tables adopted by the Board of Control and regular interest.

13           "(21) PENSION RESERVE. The present value of all  
14 payments to be made on account of any pension or benefit in  
15 lieu of any pension computed upon the basis of the mortality  
16 tables adopted by the Board of Control and regular interest.

17           "(22) ACTUARIAL EQUIVALENT. A benefit of equal value  
18 when computed upon the basis of the mortality tables adopted  
19 by the Board of Control and regular interest.

20           "(23) STATE POLICEMAN. An employee in the classified  
21 service under the Merit System Act approved by the State  
22 Personnel Board to perform the duties of highway patrolman or  
23 a beverage control agent or a crime investigator. The term  
24 includes any employee hired by the Alabama State Law  
25 Enforcement Agency after January 1, 2015, who is certified by  
26 the Alabama Peace Officers' Standards and Training Commission

1     and performs law enforcement duties. Such an employee of the  
2     Alabama State Law Enforcement Agency shall pay the same  
3     employee contribution rate as and receive the same benefits as  
4     Tier II law enforcement officers, as defined by Section  
5     36-27-59(a)(3). The term shall not include a member employed  
6     as a policeman under Section 36-27-6.

7             "(24) TIER I PLAN. The defined benefit pension plan  
8     provided by the Retirement System to Tier I plan members.

9             "(25) TIER II PLAN. The defined benefit pension plan  
10    provided by the Retirement System to Tier II plan members.

11            "(26) TIER I PLAN MEMBER. Any member of the  
12    Retirement System who had service for which he or she received  
13    credit in the Employees' Retirement System or in the Teachers'  
14    Retirement System prior to January 1, 2013.

15            "(27) TIER II PLAN MEMBER. Any member of the  
16    Retirement System who first began eligible employment with an  
17    Employees' Retirement System or a Teachers' Retirement System  
18    participating employer on or after January 1, 2013, and who  
19    had no eligible service in the Employees' Retirement System or  
20    the Teachers' Retirement System prior to January 1, 2013."

21            Section 2. This act shall become effective on the  
22    first day of the third month following its passage and  
23    approval by the Governor, or on its otherwise becoming a law.